

DOCUMENT RESUME

ED 251 596

CE 039 471

AUTHOR Harris, Edward
TITLE Management Model for Economic Development.
INSTITUTION Illinois Development Council, Springfield.
SPONS AGENCY Illinois State Board of Education, Springfield. Dept.
of Adult, Vocational and Technical Education.
PUB DATE 84
NOTE 20p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Business; Community Colleges; Community Support;
*Cooperative Planning; Coordination; Data Collection;
Delivery Systems; Economic Climate; *Economic
Development; Educational Cooperation;
Entrepreneurship; Government Role; Higher Education;
Human Resources; Job Training; Labor Market; Labor
Needs; *Models; Postsecondary Education;
Productivity; *Program Administration; Program
Implementation; *Public Policy; Retraining; School
Business Relationship; State Agencies; State
Government; State Programs; *Statewide Planning;
Unemployment
IDENTIFIERS *Illinois

ABSTRACT

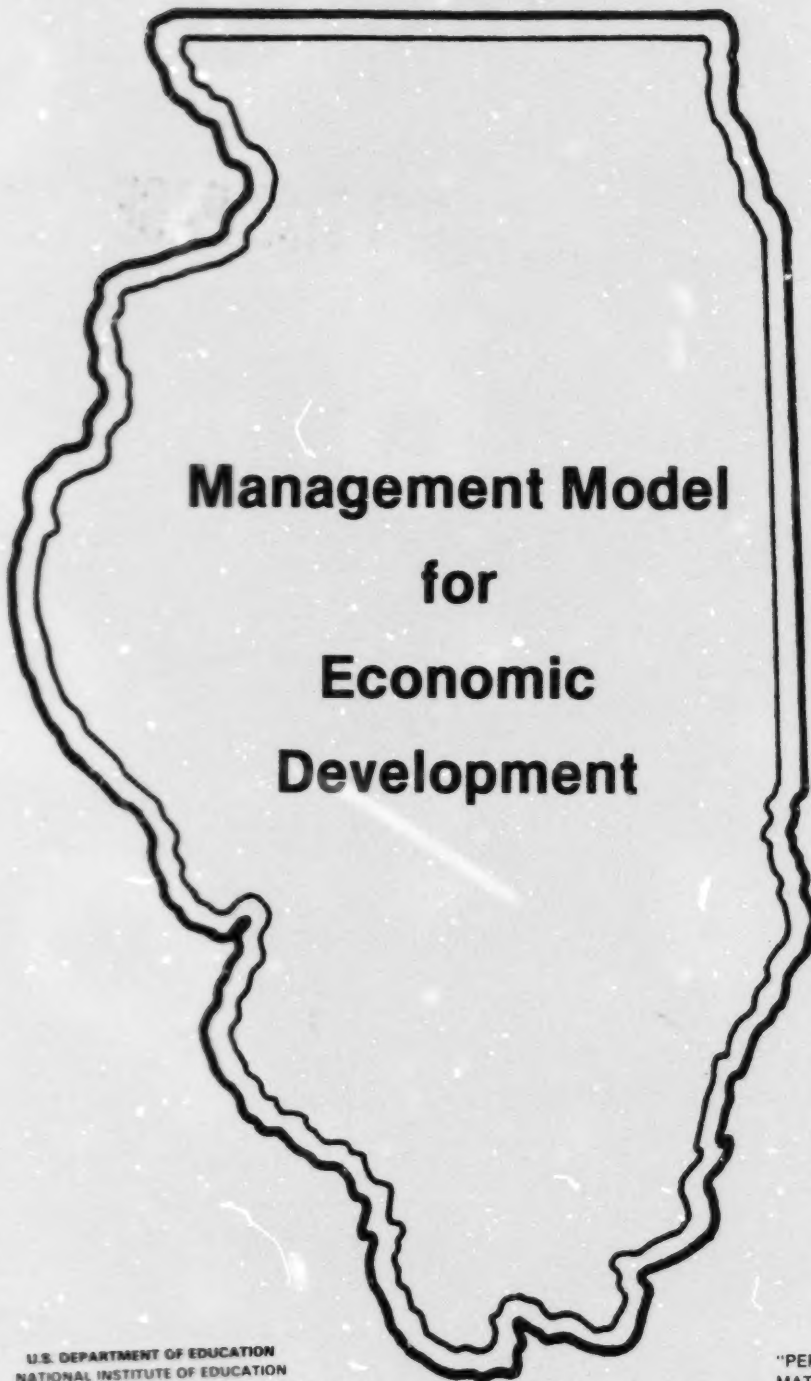
An economic development model was formulated to foster and strengthen commerce and industry retention and expansion in the state of Illinois. The main thrust of the model was on increasing productivity, decreasing business failures, encouraging entrepreneurship, and creating a favorable business climate through community support. To meet these goals, the model provides for cooperative efforts among local economic development agencies, community college directors of economic development, financial assistance commissions, and local, regional, and state human resource agencies. The model calls for various activities designed to foster economic revitalization, including the following: promotion of avenues of partnership between and among education, commerce, industry, labor, government, and community-based organizations; utilization of a wide array of research strategies to facilitate the retention and expansion of commerce and industry; provision of economic forecasting data on a regular basis to assist commerce and industry decision makers; coordination of the design and delivery of educational programs that match the human resource needs of commerce and industry; creation and delivery of alternative methods of human resource development; and design and implementation of an administratively effective structure that would allow for manageable coordination of the agencies involved in providing economic and human resource development programs. (MN)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED251596



ILLINOIS DEVELOPMENT COUNCIL



**Management Model
for
Economic
Development**

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

▼ This document has been reproduced as
received from the person or organization
originating it.
Minor changes have been made to improve
reproduction quality.

• Points of view or opinions stated in this docu-
ment do not necessarily represent official NIE
position or policy.



"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

D. Gill

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

039471



ILLINOIS DEVELOPMENT COUNCIL

*"An Association of
Economic Development
Professionals"*

P.O. Box 256
Springfield, Illinois 62705

The ability of a nation, state, region, or community to respond to the challenges inherent in being an integral part of a highly competitive international market requires careful planning. To be most effective, the economic development planning process must be customized so as to maximize competitive advantages. This planning challenge is particularly acute and complex with technology is changing at such a rapid pace.

During the past three years Dr. E. Edward Harris, Professor and former Director of the Office of Business Research at Northern Illinois University, has researched and designed a management model for economic development in the state of Illinois which maximizes the use of one of the state's major competitive advantages. The educational system of the state of Illinois is widely recognized as one of the most outstanding in the country. The management model for economic development details numerous strategies which are deserving of special study and careful implementation on local, regional, and state levels.

On May 15, 1983 an earlier version of this economic development model was submitted to Governor Thompson and the 83rd General Assembly by the State of Illinois Commission for Economic Development. The model which strongly encourages regional cooperation and collaboration is based on 12 carefully conceived premises.

Information on two additional economic development products, which are available from the Department of Adult, Vocational and Technical Education, and can be obtained by contacting James R. Galloway, Assistant Superintendent, Illinois State Board of Education, 100 North First Street, Springfield, IL 62777.

The Illinois Development Council commends to you these economic development products and expresses appreciation to the Illinois State Board of Education for the contributions and leadership they have provided in economic development.

Eric Canada, President



Illinois Development Council Officers, Directors 1984

PRESIDENT

Eric P. Canada
Director of Economic Development
Illinois State Chamber of Commerce
20 North Wacker Drive
Chicago, Illinois 60606
273-7373

Directors

Charles P. Carlson
Carlson and Hug
135 South LaSalle Street
Chicago, Illinois 60603
312/726-1567

Nona R. Denton
Contract Administrator
Illinois State Board of Education
100 North First Street, E-426
Springfield, Illinois 62777
217/782-4620

E. Edward Harris
College of Business
Wirtz Hall
Northern Illinois University
DeKalb, Illinois 60115
815/753-1298

Ann G. Hintze
Economic Development Coordinator
Lockport Area Economic Development
Commission
222 East 9th Street
Lockport, Illinois 60441
815/838-9500

Charles C. Isely III, President
Waukegan/Lake County Chamber
of Commerce
414 North Sheridan Road
Waukegan, Illinois 60085
312/294-3800

G. A. McArdle
Assistant Vice President
Illinois Central Gulf Railroad
233 North Michigan Avenue, 27th Floor
Chicago, Illinois 60602
312/565-1600

Franklyn H. Moreno
Director of Economic Development
City of Carbondale
P.O. Box 2047
Carbondale, Illinois 62901
618/549-5302

Daniel E. Smith, President
Hart Corporation/Midwest Division
14 Corporate Woods
8717 West 110th Street, Suite 750
Overland Park, Kansas 66210
913/383-2280

Ex-Officio

Bruce A. Campbell
Division Manager
Economic Development
Illinois Bell Telephone Company
406 E. Monroe, Floor 7W
Springfield, Illinois 62721
217/789-5851

VICE-PRESIDENT

Michael Boer
Executive Vice President for Development
Greater Springfield Chamber of Commerce
3 South Old Capitol Plaza
Springfield, IL 62701

SECRETARY-TREASURER

Eric G. Pitcher
Marketing Representative
Illinois Department of Commerce and
Community Affairs
310 South Michigan Avenue
Chicago, Illinois 60604
312-793-6648

Committee Chairs

Membership

G. A. McArdle
Assistant Vice President
Illinois Central Gulf Railroad
233 North Michigan Avenue, 27th Floor
Chicago, Illinois 60602
312/565-1600

Barbara A. Kattermann
Executive Director
Bolingbrook Local Development Corporation
375 W. Briarcliff Road
Bolingbrook, Illinois 60439
312/759-0414

Involvement

F. E. Kalh, Jr.
Director, Industrial Development
The Atchison, Topeka and Santa Fe
Railroad Company
80 East Jackson Boulevard, Room 1450
Chicago, Illinois 60604
312/347-2437

Legislative & Pro Development Lobby

Robert J. Dal Santo
City Coordinator
City of Springfield
204 Municipal Building
Springfield, Illinois 62701
217/789-2235

Ann G. Hintze
Economic Development Coordinator
Lockport Area Development Commission
222 East 9th Street
Lockport, Illinois 60441
815/838-9500

Awards

Barbara Hartjen
Manager
Macomb Area Chamber of Commerce
301 West Calhoun
Macomb, Illinois 61455
309/837-4855

Policy

Deane C. Foote
Champaign Chamber of Commerce
109 West University
P.O. Box 37
Champaign, Illinois 61820
217/359-1791

Publications

E. Edward Harris
College of Business
Wirtz Hall
Northern Illinois University
DeKalb, Illinois 60115
815/753-1298

Nona R. Denton
Illinois State Board of Education
Department of Adult, Vocational &
Technical Education, Research and
Development
Section E-426
100 North First Street
Springfield, IL 62777

By-Laws

Franklyn H. Moreno
Director of Economic Development
City of Carbondale
P.O. Box 2047
Carbondale, Illinois 62901
618/549-5302

Conferences

Michael Boer
Vice President
Greater Springfield Chamber of Commerce
#3 Old Capitol Plaza West, Suite #1
Springfield, Illinois 62901
217/525-1173

Past Presidents

Thomas Kroeschell
Director
Marketing Development
Commonwealth Edison Company
One North 423 Swift Road, Box 767
Lombard, Illinois 60148
312/691-4501

Nominations

Bruce A. Campbell
Division Manager
Economic Development
Illinois Bell Telephone Company
406 E. Monroe, Floor 7W
Springfield, Illinois 62721
217/789-5851



ILLINOIS DEVELOPMENT COUNCIL

State of Illinois Management Model for Economic Development

What will be the "quality of life" for those individuals living in the state of Illinois in the next two decades? Piece by piece, the facts, perceived trends, and educated guesses are beginning to drop into place to form a broad mosaic of challenges for policymakers.

Research conducted at the Massachusetts Institute of Technology, Brookings Institute, Harvard, SRI International, and the Northeast-Midwest Institute highlight the need for effective long-term economic revitalization strategies:

- The inability of commerce and industry to adjust and implement new technology, which is changing every 5-7 years, is the most crucial problem facing America.
- Approximately 50% of the jobs in a given area change every five years and only 1-2% is due to relocation of commerce and industry.
- A trained workforce is the key to increased productivity. However, the academic and functional skills of most workers are too antiquated for the new replacement jobs now emerging and public sector training facilities are obsolete, worn out and limited.
- The U.S. is now spending \$40 billion a year on job training by private and public sector agencies with the public sector programs serving less than 8% of the population.

Productivity in America must keep pace with other industrial nations. In the short run, lagging productivity increases inflation and unemployment, lessens the standard of living, and decreases the ability of America to compete successfully in world markets. Productivity affects employment rates directly in two ways. First, lagging productivity provides competing foreign countries with a competitive edge in the world markets. That competitive edge then means a reduced market share for U.S. products, which in turn, means layoffs. Second, lagging productivity causes excessive inflation. Research by Anthony Carnevali shows that to reduce inflation by one percent, America must throw a million people out of work for three years, which adds over \$25 billion to the national deficit.

Since 1972, the United States has slipped from second to seventh in the percent of skilled workers in the work force. Exports steadily decline in the level of technical skills required for their manufacture, while American imports increase in technical skill required.

Herbert Striner, recognized expert on productivity, made the following statement: "The wealth of any nation is a well-trained specialized labor force". Yet according to Striner, "The U.S. has shown itself unwilling to invest in major training and education efforts to serve the skill needs of our private and public sectors. This inadequate investment in human resources is directly tied to our problems of inflation and productivity".

Robert B. Reich recently identified the central thrust of the economic development problem and highlighted the need for long term strategies to revitalize the economy when he stated, "Everywhere America has looked, it has seen the symptoms of its economic impasse, but it has been unable to recognize the actual cause because the roots of the problem are so deeply embedded in our business enterprises, labor unions, and government institutions".

While research does identify the major reasons for high unemployment such as lagging productivity, rapid changes in technology, and a 50% change in the job base every five years, it is far from conclusive on how to revitalize the economy.

An Economic Development Model

During the past 24 months, a local, regional and state model for revitalizing the economy in the state of Illinois has been designed and field-tested. The major goal of the model is to foster and strengthen commerce and industry retention and expansion efforts by: (1) increasing productivity, (2) decreasing business failures, (3) encouraging entrepreneurship, (4) creating a favorable business climate through community support. A visual presentation of the model entitled "Management Model for Economic Development" is presented in Exhibit 1.

The model is built upon the belief that economic development begins with a knowledgeable and competent local and/or regional economic development commission and staff. The staff is

fully aware of the marketing plans and programs that each of the human resource agencies have available. Community colleges serve as the brokers of training in their geographic area, universities provide research and technical assistance support, and elementary and secondary schools provide career education, economic education, entrepreneurship education and entry level job preparation. The major objectives of the economic development model are as follows:

- * To promote avenues of partnership between and among education, commerce, industry, labor, government and community based agencies so as to foster and strengthen regional economic and human resources that will result in improved business and economic conditions in the areas;
- * To utilize a wide array of research strategies in facilitating commerce and industry in retention and expansion efforts;
- * To provide commerce and industry decision makers with both economic forecasting and labor market data on a regular basis to assist them in strategic planning;
- * To coordinate the design and implementation of educational programs that match the human resource needs of business and that maximize the scarce resources of business, labor, education and government;
- * To design and employ innovative strategies of serving the human resource and technical service needs of commerce and industry, particularly in those industries and occupational areas where there are labor market shortages;
- * To design and deliver alternative methods of human resources development including the providing of short term customized training for commerce and industry;
- * To explore, create and promote cooperative planning efforts which will facilitate the development and implementation of effective economic and human resource development strategies at all levels -- local, regional and state;
- * To design and implement an administratively effective structure that will allow for manageable coordination of a large number of agencies involved in providing economic development and human resource development programs.

The model is built upon the assumption that when all of the systems and subsystems of the model have been designed and operationalized, a long term plan to revitalize the economy and improve employment opportunities within a community, region, or a state will become a reality. One of the major goals of the model is to help alleviate duplication of training efforts; fill gaps; and develop linkages, partnerships and cooperative plans between and among educators, commerce and industry, government, labor, economic development and community organizations.

Premises of Model

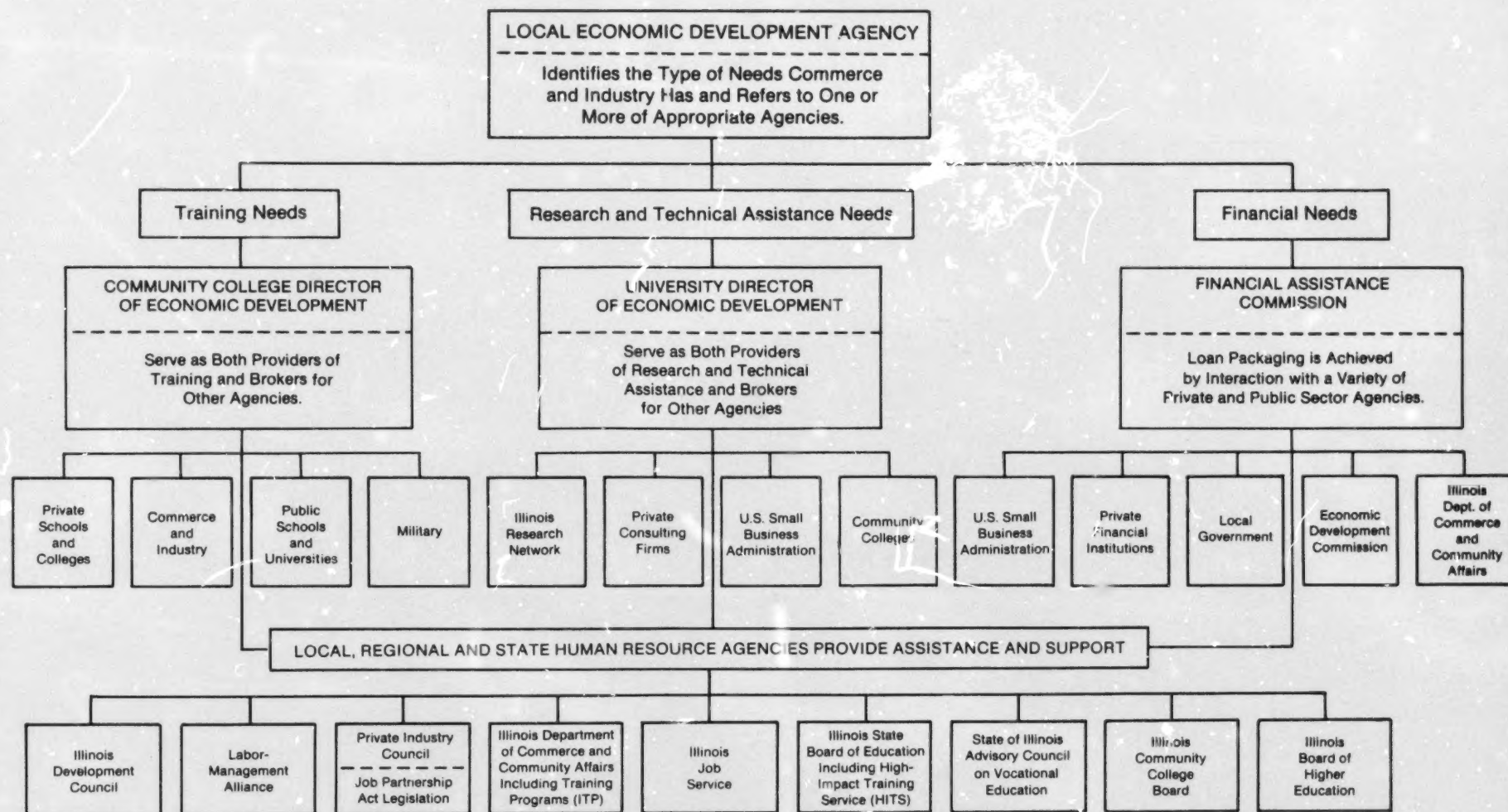
The model as designed was based on twelve carefully conceived premises:

1. Economic development begins "At Home". The key is a knowledgeable and competent local and/or regional economic development council with well trained and highly motivated staff.
2. Economic revitalization will best take place if there is maximum cooperation and collaboration between and among commerce, industry, education, labor, community and government agencies.
3. Maximum cooperative and collaborative efforts will be successful when the participating partners involved can clearly and fully see how they will benefit.
4. Effective private and public sector cooperative arrangements on a local and regional basis help eliminate duplication of efforts and minimize the use of scarce resources.
5. Small business, which generated almost all of the 20 million new jobs in the past decade, will continue to be the prime creator of new jobs in America in the next 10 years.
6. Investment in human resources is the best way to increase innovation, productivity and quality.
7. The most cost effective way to create new jobs is through training within existing firms.
8. Regional needs and differences can be most effectively addressed locally or regionally, if given adequate support from private and public sector organizations -- a grass roots model.

Exhibit 1

Management Model for Economic Development

Role of Education in the Economic Development Process— "Improving Quality of Life"



E. Edward Harris
Revised July, 1984

9. Unemployment and economic decline-related problems will emerge in various communities and regions at different times. There is little need to try to provide supportive services until a community "hurts enough" and is ready to address its own problems and make a full commitment to implement economic revitalization strategies.
10. Educational institutions can become significantly more effective in marketing their services and improving their capacity to provide the research, technical assistance and training needs of commerce and industry.
11. Education plays a key role in the economic revitalization scenario and must make an appropriate commitment.
12. The need for government to keep costs down, to create a favorable tax climate, and to work in partnership with labor and management to develop strategies for effective international markets has never been greater.

The model should continue to receive the support of the State of Illinois Commission for Economic Development and other private and public sector agencies. The economic development model is designed to bring about cooperation of education, human resource and economic development agencies at all levels.

The financial support for implementing a minimum of 4-6 model regional economic development centers should be provided from Job Training Partnership Act Funds. The State Education Coordination and Grants Section 123a(2) of the federal legislation encourages regional coordination efforts by providing 20% of the funds under this section of the legislation for this purpose.

Strategies for Implementating Model

The most successful long term economic development strategies are those which focus primarily on commerce and industry retention and expansion. Strategies are organized around the following four model objectives: (1) help create a favorable climate for commerce and industry, (2) help increase productivity, (3) help increase business success rate, and (4) help encourage and aid entrepreneurship.

Help Create a Favorable Business Climate for Commerce and Industry

- A. Provide technical assistance and training to assist local, regional and state agencies in organizing for economic development.

One of the major problems facing communities is how to organize for economic development. Exhibit 3 presents a visual presentation of a strategic plan which when implemented properly will work effectively in organizing for economic development. To achieve this goal requires the ability to: (1) bring together all interested leaders in communities, (2) examine local conditions in light of worldwide trends, (3) identify and correct major problems, and (4) encourage and assist existing businesses to develop new products, new marketing and obtain government contracts.

- B. Conduct research to determine needs of local and regional economic development agencies.

A minimum of 10 focus group research sessions should be held at various locations in the state to determine the needs of local and regional economic development agencies. Once this has been done to determine what kinds of services are needed by the various types of agencies, this research could serve as a basis for prioritizing the assistance and support provided by various regional and state human resource agencies. This research could be conducted with the cooperation of the Illinois Development Council.

- C. Local communities should work to maximize the potential benefits of programs such as the Certified Cities Program and the business financing programs that have been developed by the Illinois Department of Commerce and Community Affairs.

The Certified Cities Program was developed by the Department of Commerce and Community Affairs to encourage local communities to assess their own needs and preparedness for attracting private industry, as well as improving their skills to retain

existing jobs. The Certified Cities Program was patterned from similar programs successful in other states. The basic premise of the program is to give communities who wish to develop and grow the assistance and tools necessary to be attractive. It is a program designed to help them help themselves. All local organizations should realize that success will be based on cooperation and harmony between business, labor, government and education in the area they serve. The Certified Cities Program addresses this formula for success.

- D. The Department of Commerce and Community Affairs should continue to concentrate their efforts in supporting economic development activities.

The primary initiative should be at the local level and all departments of state government should be prepared to offer technical assistance and support. Business will be attracted to communities that are prepared to grow, offer a high quality of life, and provide a positive business climate. Government can and should offer technical assistance and support to local organizations that will help them attain this necessary stature. Local and regional economic development agencies must shoulder the burden for economic development.

- E. Create regional task force(s) of representatives from business, industry, labor, education, government and community agencies to respond to the needs of commerce and industry for the following purposes:

1. Help create a public awareness that the traditional manufacturing structures have declined and will not return to former strength, and that the state of Illinois continues to move toward a service-oriented economy.
2. Work cooperatively to encourage the development of new initiatives in technological applications including the creation of a technology extension service.
3. Investigate ways that higher education can enter into joint research projects with commerce and industry without endangering privately held patent rights.
4. Develop joint programs between education, commerce and industry for sharing laboratory facilities and for cooperation in evaluating new instrumentation and techniques developed by commerce and industry.
5. Encourage education, commerce and industry to establish cooperative graduate education programs which will permit the students enrolled in high technology training programs to work in interested commercial and industrial concerns, and also develop programs allowing present employees of the involved organizations to acquire the needed formal training for the specific high technology effort.
6. Improve the teaching of basic work habits and skills to students, particularly in math and science.
7. Re-examine the higher education institutional policies to encourage faculty members, along with their graduate students, to participate in organizing and conducting small businesses in appropriate areas.
8. Provide university assistance -- through curriculum development, counseling, and laboratory facilities -- to community college and other educational institutes involved in training.
9. Encourage commerce and industry to examine resources available at local educational agencies before seeking consultants from other geographic regions.
10. Work with financial institutions so that they will in turn:
 - a. Work with business leaders to promote a more entrepreneurial and competitive climate in which to make investments,
 - b. Develop new mechanisms to channel more capital into the region and support new enterprises, modernization and retooling, market development and export development, and
 - c. Undertake such initiatives as venture capital funds, investment pools, trading companies, and pension investments.

- F. Conduct regional economic development symposiums on a broader geographical area to encourage innovative and effective cooperation and collaboration.

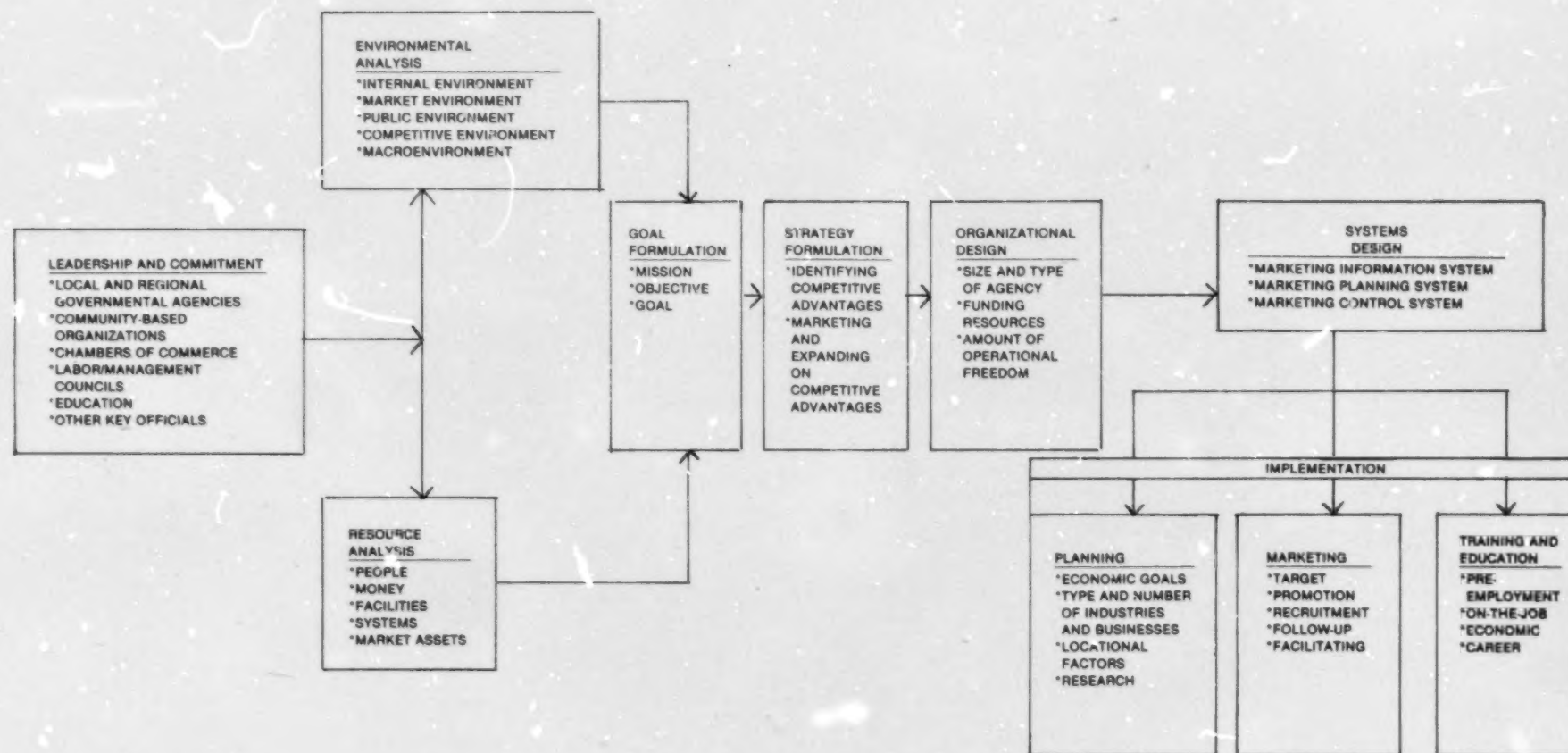
Regional economic development symposiums have already been held successfully at various locations in the state of Illinois and more are being planned. After the initial

**Foundation for Economic
Development is Fostering and
Strengthening Business and
Industry Retention and
Expansion**

- 1. Help Increase Productivity**
- 2. Help Decrease Business Failures**
- 3. Help Encourage and Aid Entrepreneurship**
- 4. Help Create a Favorable Business Climate Through Community Support**

Exhibit 3

An Organizational Plan for Economic Development On Local and/or Regional Levels



meeting, an invitation to participate in a continuing series of regional task force meetings with commerce and industry, education, labor, government, economic development, and community agencies should be extended and a program of work developed. The end result would be the creation of a formal regional economic development agency.

One of the major activities of the regional task force would be to impact on local, state and federal governments to help improve the "business climate". Listed below are actions by various levels of governments which would be sought:

Actions by Local Governments

- * Remove inappropriate regulatory and bureaucratic barriers to economic growth.
- * Creatively target local resources and programs to economic development.
- * Serve as a facilitator and broker to bring business, labor, and government together.
- * Develop new public-private partnerships with industry in economic development.
- * Organize strategic economic planning exercises in communities to develop local action agendas for economic growth.

Actions by State Governments

- * Provide support for the application of new technologies to help renew existing industry through new research institutes, financing, and use of university resources.
- * Promote new enterprise development with management, financial, and technical assistance.
- * Develop human resources through education reforms and new training and retraining initiatives.
- * Renew the state's basic infrastructure, such as roads, bridges, and water and sewer facilities.
- * Support appropriate new high-technology development, but avoid simply "chip chasing".
- * Help to implement recommendations of Small Business Conference held in May, 1984.

Actions by the Federal Government

- * Resolve tax and spending issues so as to stabilize interest and exchange rates.
- * Avoid illusory "bailout" or special program solutions to the problems of the Midwest.
- * Take steps to increase export opportunities and address overall problems in trade relations between the United States and Japan.
- * Consider the economic impacts of proposed regulations, especially on financially weakened industries.
- * Correct regional imbalances whereby the Midwest experiences major new outflows of federal taxes.

G. The Illinois Board of Higher Education and the Illinois State Board of Education should provide the financial incentives necessary for education at all levels to make their appropriate contribution to economic development.

Quality educational programs and activities such as career education, entrepreneurship education, economic education, vocational education, customized training, research and technical assistance need to be encouraged and a commitment secured because economic development does begin at home.

H. The Department of Commerce and Community Affairs and the Illinois Board of Higher Education should jointly support programs for the education and training of economic development personnel.

Listed below is a brief description of two different types of programs. One is a 20-clock-hour training program and the other is a graduate-level program. The 20-clock-hour program would train the local economic development commission chairpersons, staff, and their committee members. The training would primarily be designed for individuals who have not attended the Basic Economic Development course at the University of Illinois. The training program would include topics such as the following:

- Marketing
- Prospects and Prospecting
- Financing
- Site Locations
- Transportation
- Utilities
- Taxation
- Environment
- Labor climate
- Promotion
- Utilization of Labor Market and Economic Data
- Community Planning

The graduate level program in economic development would be offered on an alternating Friday and Saturday basis similar to the structure of an executive M.B.A. program. Courses in the program would include:

- Land Use Planning
- Location Analysis
- Geographic Information Systems
- Seminar in Economic Development
- Graduate Survey of Marketing
- Financing the Business Enterprise
- Principles of Business Organization
- Public Relations for Economic Development Personnel
- Additional Courses in Governmental Studies, Geography, and Business

This concentrated program would enable Illinois economic development personnel to achieve in approximately one year what it now takes four years or more to learn in Oklahoma.

- I. Create a model and provide marketing research assistance to aid communities in determining their competitive advantage.

Research needs to be conducted on how best to utilize marketing research strategies and to develop a model to assist communities to determine their competitive advantages. Special emphasis should be placed on how to market the strengths of a given region of the state. One of the greatest needs of both economic development personnel and individuals from commerce and industry is how to use effective strategies in marketing their communities, products, and services. Marketing to those firms and agencies outside the area will be most effective when the strengths of existing business can be effectively turned into a competitive advantage.

- J. Conduct marketing-oriented seminars to help communities sell local products and services and thereby increase and retain jobs.

Marketing-oriented seminars on using effective strategies to sell local communities and their products and services should be conducted. The goal would be to make existing businesses more profitable through the utilization of more efficient procedures and more cooperation between labor and management. Emphasis should be placed on expanding markets locally, regionally, nationally and then internationally. The focus group marketing research technique should be used during the seminars to develop strategies on topics such as: (a) capitalizing on increases in defense spending; (b) increasing international trade; (c) making industry profitable (a management and labor dialogue); and (d) determining the role of agri-business in Illinois economic development; (e) stimulating cottage industries.

Increase Productivity

- A. Create local, regional, and state-wide labor-management alliances and conduct a series of seminars on productivity built around improving labor/management dialogue.

The need for labor-management alliances has never been greater. The Economic Alliance for Michigan has been most successful and an increasing number are being formed on local and regional levels. The Economic Alliances for Michigan is a mobilization of business and labor leaders from throughout the state into a cooperative, action-oriented effort to address the difficult economic problems con-

front Michigan. The Alliance has undertaken a twofold charge:

First, identify the key assets and attributes of the state's economy; recommend specific actions to encourage more rapid economic expansion and diversification and more effective marketing of Michigan's business location advantages; and carry out strategies for implementation of the recommended actions.

Second, identify those aspects of the Michigan economy that may cause the state to be noncompetitive with other areas of the nation in terms of the costs of and conditions for doing business; consider and recommend actions to improve Michigan's competitive position; and pursue strategies for implementation of the recommendations.

The entire effort is aimed at increasing industrial and commercial activity in Michigan, which, in turn, will create jobs throughout the state.

Successful alliances can make significant strides in taking action on improvements that must be made by management and labor such as the following:

- Make better use of existing and emerging technologies to improve products, production processes, and information flows.
- Adopt more entrepreneurial and flexible management policies and structures.
- Develop more effective and less adversarial labor-management relations to reduce costs and increase productivity.
- Give greater attention to the development of human capital through education, training, and retraining policies.
- Recognize the changing economic realities and the effects that previous policies have had on the competitiveness of Midwest industry.
- Support more flexible compensation and fringe benefit packages.
- Negotiate for bonus arrangements, profit sharing, and employment security benefits.
- Advocate greater worker involvement in the workplace and negotiate new work rules to increase productivity.
- Support new efforts in quality control, health cost containment, and labor-management cooperation.

B. Conduct programs to train educators how to design and market their programs to meet the needs of commerce and industry.

During the past two years, a training program has been successfully developed to prepare educators in "How to Design and Market Vocational Training Programs". A total of 21 hours of video tapes in either of ¾" or VHS format have been prepared. The video-tapes and coordinated print materials include the following major topics:

1. The Economic Development Opportunity A Plan for Economic Development as Perceived by --
2. Economic Development and Employment Training -- State of Illinois Priorities
3. Role of Vocational Education -- Education in Job Creation and Increasing Productivity
4. Developing the Marketing Plan
5. Utilizing Market Data and Occupational Information
6. Developing a Training Information Clearinghouse and Designing Customized Training
7. How to Recruit, Train and Evaluate Staff
8. Selling Training Programs to Commerce and Industry
9. The Funding of Training Programs Through HITS and ITP -- A Coordinated State of Illinois Effort
10. Overview of Sources to Assist Commerce and Industry in the state of Illinois in Securing Financial Assistance

The training program now must be administered to hundreds of educators who could profit by the training such as Directors of Business Assistance Centers, Directors and Staff Members of U.S. Small Business Administration, Small Business Development Centers. A trainer's reference manual has also been developed to help in the training process. A copy of the model designed to aid educators in planning for economic development is contained in exhibit 4.

Help Increase Business Success Rate

A. Create a statewide U.S. Small Business Administration Small Business Development Center network.

Currently there are only six U.S. Small Business Administration, Small Business Development Centers in the state of Illinois to provide a one-stop management assistance to small business owners. Specifically, the small business development centers are designed to:

1. Serve as one of several area contact points for small business owners and managers seeking assistance;
2. Provide and coordinate a range of instructional and consultation services for area businesses, including prebusiness consulting and courses, management development seminars and workshops, self instructional packages, group and individual problem-solving sessions, as well as on-site consulting;
3. Serve as an educational clearinghouse that will identify, collect, and maintain a variety of print resources helpful to the small business manager, such as self-help materials, SBA pamphlets, government publications, etc.;
4. Develop and maintain a comprehensive list and description of resources available within the area to assist small business persons;
5. Maintain adequate physical facilities to support individual counseling, group meetings, conferences, and workshops.

The SBDC is not designed to duplicate existing programs and services offered by such agencies as the Service Corps or Retired Executives (SCORE) or the Small Business Administration. Rather, the SBDC was designed to further develop and supplement the existing network of business assistance programs.

The current plan for the implementation of SBDC's should be evaluated to see if it provides for maximum service to small business and additional centers added so that all small businesses in the state of Illinois are served effectively. The Illinois Department of Commerce and Community Affairs, in operation with local chambers of commerce and the Illinois State Chamber of Commerce, should establish an effective evaluation program of the SBDC's to determine whether they are cost effective and appropriately responding to the needs of the private sector. Evaluation should involve input from clients served.

- B. The Department of Commerce and Community Affairs should intensify their efforts to provide decision makers in commerce and industry with comprehensive and accurate regional and state economic and labor market data. The Labor Market Service project should be expanded to include provisions for the training of local and regional economic development personnel and individuals responsible for economic development in educational institutions on the effective utilization of labor market information in economic development.
- C. The Illinois Resource Network (IRN) should be fully implemented at the earliest possible date so that decisionmakers in commerce and industry will have ready access to the research capabilities of faculties in the state of Illinois
- D. The Department of Commerce and Community Affairs should require that local communities utilize the Illinois Labor Market Service and the Illinois Occupation and Information Coordinating Committee in order to qualify for funds under the Job Training Partnership Act.
- E. The Department of Commerce and Community Affairs, Illinois Community College Board and the Illinois State Board of Education (Department of Adult, Vocational and Technical Education) should require that the Small Business Development Centers and Business Assistance staff members be trained using the newly developed training program entitled "How to Design and Market Vocational Training Programs".
- F. The Job Training Partnership Act (JTPA) can help to create jobs by injecting money into training and retraining programs for the displaced and employed workers. The Department of Commerce and Community Affairs should carefully monitor the distribution of these funds by the Private Industry Councils to assure maximum benefit to the state as a whole.

Help Encourage and Aid Entrepreneurship

A. Develop strategies in response to identified needs of small business.

During the past two months both state of Illinois and national business conferences have been held, and recommendations have been prepared. The 46 recommendations identified at the national conference were prioritized with the following four listed in top priority:

1. Reduce federal deficit,
2. Eliminate government competition with private enterprise,
3. Eliminate inequities in tax rates,
4. Simplify tax rules and regulations.

Four of the state of Illinois recommendations that resulted from the state of Illinois conference were as follows:

1. Make Illinois Workers Compensation competitive,
2. Reduce unemployment insurance benefit levels,
3. Encourage congress to create incentives for private sector investments,
4. Enact right to work legislation.

B Assist local and regional development agencies in creating a plan to increase the availability of early "shovel money" and preventure capital.

Financing of entrepreneurs should be done at the local level with some incentives for those communities who want help most. Education, various tax incentives and other plans need to be explored so that 97 percent of start-up capital does not continue to have to come from just the personal resources of the entrepreneur. In 1983, there were 1.7 million business formations and this number could increase substantially if financing could be improved. The state of Illinois is already well on the way to becoming a national leader with the innovative and effective financing programs that have been developed.

C. Continue to make training a high priority in the state of Illinois.

One of the significant finds reported at the 1984 International Council for Small Business was that the most cost effective and efficient way to increase the number of jobs is through the training staff of firms in a given area so that the firm can prosper and expand. During the past three years research has been conducted at Northern Illinois University to design and field test a cost effective management model for employment training and economic development that is capable of responding to the needs of 3 million members of the Illinois labor force who will need to be trained or retrained every five years to prepare them for the jobs of the future. Based on the evaluations of participants and the level of performance demonstrated by those individuals who participated in the training sessions, it is very clear that the content and delivery of the training program entitled "How to Design and Market Vocational Training Programs" is both needed and effective. The model includes a 21-hour training program using color cassette video tapes and coordinated print media including the following topics: How to Develop a Training Clearinghouse, How to Develop a Marketing Plan, How to Utilize Labor Market Data, How to Customize Training, How to Sell Training Programs, and Staff Development.

D. Create a statewide entrepreneurship education network.

The state of Illinois is now in the process of creating an entrepreneurship education network and affiliating with the National Center for Research in Vocational Education at Ohio State University.

The objectives and major activities of the National Entrepreneurship Education Network are as follows:

To facilitate the development of a nationwide network for state entrepreneurship education task forces,

- * To hold regional workshops to assist in the development of state entrepreneurship task forces,
- * To lend expertise to facilitate the state entrepreneurship task forces.

Major activities of the project include:

- * The conduct of a National Entrepreneurship Education Forum designed to bring national leaders of organization's and agencies together to share ideas;

- The development of a consortium of states willing to form state-level task forces in support of entrepreneurship education activities.
- The development of a referral service to collect information on activities supporting entrepreneurship
- The creation of an electronic newsletter (The New Venture Newswire) to share success stories and program ideas to be issued monthly
- A system to develop and send out news releases to educational and popular media in support of newsworthy activities in entrepreneurship education
- Technical assistance on a cost-recovery basis to help anyone nationally in need of entrepreneurship education assistance.

E. Identify and Implement Entrepreneurship Education in the State of Illinois

The Illinois Office of Education Department of Adult, Vocational and Technical Education has funded a project to establish in-service and pre-service teacher education program in entrepreneurship education. This activity should have substantial support from a wide array of agencies over the next few years, if it is to be successful. Listed below are some of the procedures that will be followed in the first year:

1. Conduct training programs in entrepreneurship education for adults.
2. Develop criteria for identifying exemplary entrepreneurship teacher education programs.
3. Conduct in-service and pre-service entrepreneurship education teacher education programs to train SBA certified counselors.
4. Conduct a pre-service and in-service course entitled "Instructional Materials and Strategies in Entrepreneurship Education."
5. Prepare resource listing ongoing entrepreneurship education programs in the state of Illinois.
6. Provide technical assistance for the preparing of 4-6 entrepreneurship education programs to become exemplary demonstration sites.

Edward Harris, Professor of Marketing and Distributive Education,
College of Business,
323 Wirtz Hall, Northern Illinois 60115,
September 1984.

These materials were prepared pursuant to a funding agreement with the Illinois State Board of Education/Department of Adult, Vocational and Technical Education. Funded agencies undertaking such projects under government sponsorship are encouraged to express freely their judgement in professional and technical matters. Points of view or opinions do not, therefore, necessarily represent official Illinois State Board of Education position or policy.

Exhibit 4

AN ORGANIZATIONAL PLAN FOR EDUCATIONAL INSTITUTIONS IN ECONOMIC DEVELOPMENT

